

NOTE 4 – ACCOUNTING CHANGES AND RESTATEMENTS

Reclassification of the Children's Trust Fund

The Children's Trust Fund, formerly reported as a permanent fund, was reclassified to the special revenue fund type because of legislative changes occurring during fiscal year 2004-2005 that impacted the amount required to be maintained in the fund and the amount available for appropriation.

The effect of this change as of October 1, 2004, was to decrease permanent fund current assets (\$11.7 million), long-term investments (\$14.3 million), current liabilities (\$4.2 million), and fund balances (\$21.8 million). Special revenue fund assets, liabilities, and fund balances were increased by like amounts.

Michigan Exposition and Fairgrounds Authority

Public Act 468 of 2004 created the Michigan Exposition and Fairgrounds Authority (MEFA), a discretely presented component unit. In previous years, the State reported state fair activities in a subfund of the General Fund. Net assets of \$.3 million were transferred from the General Fund to the MEFA, as well as capital

assets, accumulated depreciation, and compensated absences liabilities totaling \$15.7 million, \$6.7 million, and \$.1 million respectively which were previously reported in the primary government's portion of the Statement of Net Assets. This change has been reported as a beginning balance restatement.

Net Pension Obligation

The beginning balance of the net pension obligation, reported on the Statement of Net Assets line titled "Noncurrent portion of other long-term obligations," was reduced by \$24.3 million based on revised actuarial reports.

Capital Assets

Beginning balances were restated for capital assets to correct prior period errors in infrastructure and construction in progress. Infrastructure was increased by \$48.0 million; construction in progress was increased by \$31.6 million; and net assets invested capital assets, net of related debt was increased by \$79.5 million.